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CURRENT SERIAL RECORDS

NEW WHEAT LEGISLATION . . . WHAT IT MEANS TO YOU.

The new wheat program is entirely voluntary with no restrictions on sales of 1964-crop wheat. A farmer, whether he agrees to participate in the program or not, is free to sell his entire production to anyone, at any time, and at such prices as he can get.

A producer desiring to receive a price-support loan, certificates, and an acreage diversion payment, can voluntarily sign up to participate. The signup will take place from May 1 through May 15 in ASCS offices throughout the Nation.



A wheat producer will be eligible for price-support loans at a national average of \$1.30 per bushel on his entire production if he harvests within his 1964 wheat allotment.

In addition, if he signs up and participates in the voluntary program, he will receive payment for his acreage diversion and negotiable certificates based on the normal production of his eligible acreage planted for harvest.

The certificates will have fixed face values—70 cents per bushel for the domestic marketing certificates, covering the producer's share in the national marketing allocation for U.S. food wheat production, and 25 cents per bushel for the export marketing certificates, covering his share of the export marketing allocation.

If planted, 45 percent of the normal wheat production of the farm allotment will be covered by domestic wheat marketing certificates and up to 45 percent by export wheat marketing certificates. In case of underplanting or extra diversion, certificates will be issued first on the "domestic" portion and then on the remaining "export" portion covered by certificates.

Growers last year were notified of their 1964 allotments along with their farm's normal yield figures. Farm allotments were based on the national allotment of 49.5 million acres. Thus, individual allotments now are already reduced by the minimum acreage required to be diverted for participation in the wheat program for 1964. (The reduction is the equivalent of 11.11 percent of the 1964 allotment.)

The negotiable marketing certificates that the farmer will receive for taking part in the program will not be a market factor because they will not accompany wheat through the marketing system. It is most likely that farmers will

cash these certificates at their county ASC offices and that processors and exporters of wheat will buy certificates from USDA when they need them to comply with provisions of the program.

There will be an acreage diversion payment of 20 percent of the county's wheat loan rate multiplied by the farm normal yield on the 11.11 percent minimum qualifying diversion. This payment rate will also apply to additional diversions to conserving use of up to 20 percent of the allotment or, in the case of farms with small allotments, enough more acreage to total 15 acres.

If growers comply with the requirements for minimum acreage diversion but don't keep their agreement on extra diversion, they lose all diversion payments but still can receive certificates and be eligible for price support loans.

Price support on wheat by loans and purchases will be made available to eligible producers. Commodity Credit Corporation, through ASC county committees, will assist producers to market their wheat certificates. No advance acreage diversion payments will be made. Payments covering acreage diversion and purchase of certificates will begin after July 1. Detailed program explanations and regulations are being issued to all State and county ASCS offices.

The new legislation, which also applies to the 1965 crop, supersedes previous law that required the Secretary of Agriculture to consider the need for 1965-crop wheat marketing quotas and make his decision prior to April 15.

The program is expected to increase the income from the 1964 crop by about \$450 million from what it otherwise would have been.

William R. Askew
Economic Research Service

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LEGISLATION FOR COTTON CROPS OF 1964-65

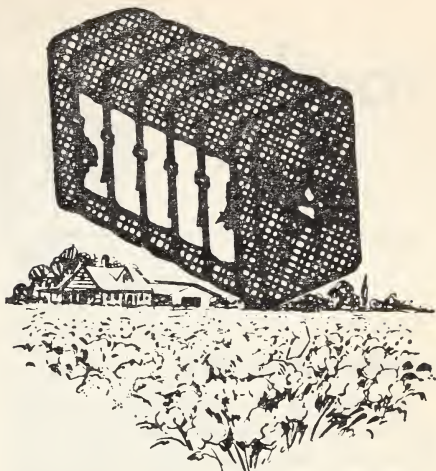
The new cotton legislation is effective for the 1964 and 1965 crops of upland cotton.

The basic price support for the 1964 crop of upland cotton is 30 cents per pound for Middling 1-inch at average locations. In 1963 the price was 32.47 cents. Additional price support for the 1964 crop, 3.5 cents per pound above the basic support level, is available for producers who participate in the voluntary domestic allotment program.

The domestic allotment is based on the acreage estimated to produce the amount of cotton needed for domestic consumption. This acreage is about two-thirds of the national acreage allotment already announced for the 1964 crop. Farms with regular allotments of 15 acres or less are not required to reduce their acreage to qualify for the additional price support payment.

Export acreage of 5 percent, in addition to the regular farm acreage allotment, is authorized for the 1964 crop. Production from such acreage must be exported without benefit of Government export payment.

Until August 1, 1964, Government payments-in-kind are provided to domestic users of upland cotton (textile mills and others) to eliminate differences in the cost of raw cotton between domestic and foreign users. Beginning with the date of the enactment of the statute, the rate is 6.5 cents per pound



as determined by the Secretary of Agriculture.

As of August 1, 1964, the payment will be the same as the export payment rate. The point in the trade channels where payment-in-kind certificates will be issued after August 1 has not been determined at the time of this writing. However, under the new law, certificates may not be issued to the cotton producers.

Although growers indicated intentions to plant 14.8 million acres when surveyed on March 1, actual planted acreage for 1964 is likely to be less because of participation in the domestic allotment program.

Domestic mill consumption of all kinds of cotton during the current crop year (August 1963-July 1964) is officially estimated at 8.6 million bales. Because of the improved competitive price position of cotton in the domestic market as a result of the new legislation, the rate of cotton consumption for the full season may exceed the 8.6-million-bale estimate.

James R. Donald
Economic Research Service

outlook



GENERAL ECONOMY

The outlook for 1964 continues to be one of general expansion—somewhat faster than last year. Retail sales, employment, personal income, industrial production, and construction activity all rose to new peaks in the first quarter.

SOYBEAN PRICES

Soybean prices to farmers during the April–September period are likely to decline from the March 1964 level of \$2.55 per bushel but may average at about the \$2.45 figure received a year earlier.

LIVESTOCK

The value of livestock marketings is expected to be slightly lower than in 1963—mostly because of increased marketings. Livestock prices will average somewhat lower than last year.

SOYBEAN CRUSHINGS

Crushing of soybeans for 1963–64 are now forecast at 440 million bushels, about 35 million below last season. The average monthly grind is running about 37 million bushels compared with 40 million in the same period last year.

EARLY PEACHES

Supplies of fresh peaches during early summer are expected to be lighter than last year because of a severe freeze during bloom time in the South. Trees in California wintered well. Trees in other

States came through the winter in generally good shape.

CARRYOVERS

Wheat carryovers into the 1964–65 crop year will likely be significantly less than last year; but cotton, tobacco, feed grains, and soybeans will likely be up.

FATS AND OILS

Supplies of food fats and oils for the rest of the 1963–64 marketing year will continue at a record level. Disappearance will be at a high level also, with exports setting a new record. A slight increase in carryover of food fats might develop by October, mainly because of a buildup in soybean stocks. Carryover of butter (including butter oil) and edible vegetable oils will be down but not enough to offset the gain in soybeans.

MILK

Milk output will make its normal rise during the second quarter, about like last year. Wholesale milk prices in April–June are likely to be near the year-earlier level.

POTATOES

Prices for potatoes probably will be higher this spring because of smaller supplies. Remaining stocks probably are at least moderately below a year ago; early spring output is down 15 percent from last year; and acreage of the important late spring crop is down 14 percent.

EGG PRODUCTION SHIFTS TO SOUTH AND WEST

Over the past decade U.S. egg production has not kept pace with the growth in population, mainly because of decline in demand. Egg production in the mainland States rose only 9 percent from 1953 to 1963, while the total U.S. population expanded 18 percent. Per capita output of eggs dropped from 363 eggs to 335 eggs. At the same time large increases and decreases, leading to substantial geographical shifts in egg production, occurred among regions.

Between 1953 and 1963 egg production increased in the Western Region by 46 percent, the South Atlantic Region by 87 percent, and the South Central Region by 42 percent. The Nation's largest gains in the number of eggs produced occurred in California and in a belt of 7 Southern States—North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, and Arkansas. Output in these States rose by 11 billion eggs in the last decade compared with a 5-billion increase for the Nation as a whole.

In the 10 years ended in 1963, egg output dropped more than 20 percent in the West North Central Region and

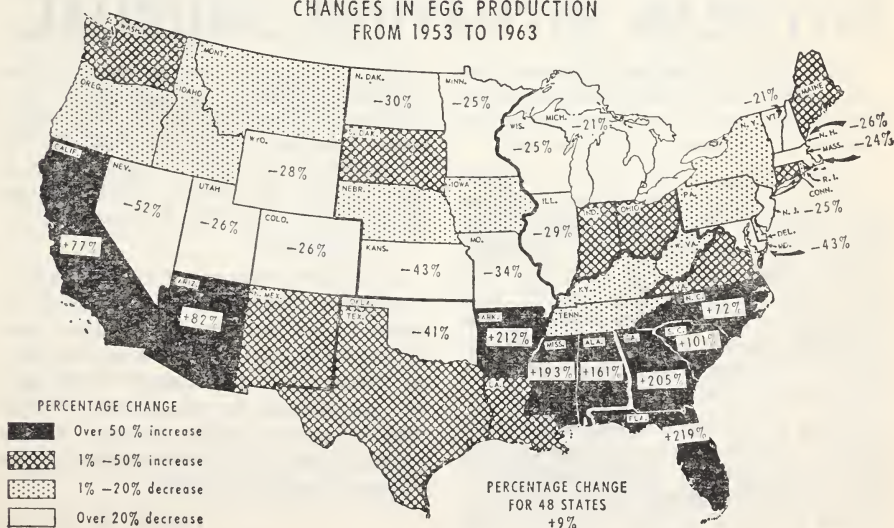
over 10 percent in both the East North Central and the North Atlantic Regions. Declines of more than ½ billion eggs took place in the important egg-producing States of New Jersey, Illinois, Minnesota, Iowa, Missouri, and Kansas.

Eggs produced in the West North Central Region have long been a major source of supply for other parts of the country. This region still turns out many more eggs than are used there. However, the sharp egg production increases in the seven Southern States and in California during the past decade, have made these States essentially self-sufficient. As a result, most of the West North Central Region's egg surplus now moves into the Northeastern States.

Regional changes have been reflected in a dramatic shift in egg production from the North to the South and West. The Western, South Central, and South Atlantic Regions combined produced 49 percent of the country's eggs in 1963, compared with only 35 percent in 1953.

William C. Paddock
Economic Research Service

CHANGES IN EGG PRODUCTION
FROM 1953 TO 1963



FARM FIRE LOSSES HIT NEW HIGH

Farm fire losses in the United States climbed to an all-time high of \$191 million in 1963—9 percent higher than in the previous year.

A number of factors such as changes in the agricultural and overall economy were connected with the increase in losses. Most important was the continuously increasing replacement cost of damaged property.

Changes in insurance practices that include nonfire perils on the basic fire policies, such as theft, overturn of tractors, livestock killed on highways by passing motorists, tend to overstate the fire loss when included in the loss reports.

Another factor is that many small farms throughout the country were consolidated, with the result that some structures were abandoned or were not used regularly. The consequent lack of care and upkeep naturally increased the hazards in such situations.

On the average, fires and lightning hit 2 out of every 100 farms annually. When properties are involved in fire, the damage is estimated at 3 to 6 times greater in rural than in urban areas.

Limited information, mainly from the Midwestern States, indicates that

dwelling and their contents made up about 43 percent of the fire and lightning losses; barns and their contents about 32 percent; other structures, 10 percent; and personal property such as machinery, equipment, livestock, and unstored products, the remaining 15 percent.

However, there was a difference between the kinds of property damage by fire and lightning. Buildings accounted for 88 percent of the fire damage and personal property, 12 percent. On the other hand, lightning damage to buildings accounted for 46 percent, and personal property, mostly livestock, accounted for 54 percent.

Dwellings accounted for 43 percent of the fire loss and 27 percent of the lightning loss. Barns accounted for 32 percent of the fire loss and 11 percent of the lightning loss. Fire was about six times more destructive than lightning.

U.S. farm fire losses in recent years were: 1950—\$131 million; 1955—\$148 million; 1960—\$165 million; 1961—\$163 million; 1962—\$175 million; and 1963—\$191 million.

John Rush
Economic Research Service

SOYBEAN SITUATION UNUSUAL

The soybean situation is unusual this year—prices are usually lowest during the harvest season, but this year prices reached their peak during harvest.

This situation apparently resulted from the strong demand for soybeans and soybean meal for export last season, and the anticipation of broadened export outlets in 1963-64. But now with oil prices below last year and continued high prices for soybeans, the crusher's margin has narrowed to the point where many crushers have curtailed operations.

In the early 1940's crushers operated on 30- to 40-cent margins, but as large solvent extraction mills were constructed and soybean crushing integrated with feed mixing, margins were progressively reduced.

Last season the average margin was 9 cents a bushel. So far this season the margin dropped even more—to 4 cents a bushel. This is evidently too low to permit profitable operations and the crush has been reduced even though there has been a plentiful supply of soybeans.

If farmers continue to hold soybeans for higher prices that are not likely to come, and if the crusher's margin continues small, CCC probably will acquire soybeans under price support this season and stocks on September 30 may total around 45 million bushels. A year earlier, stocks in all commercial hands totaled 15 million bushels.

George W. Kromer
Economic Research Service

LEAFLET DESCRIBES RECREATIONAL DEVELOPMENTS

May 1964

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Much of the growing demand for outdoor recreation can be met by local people through development of lakes, picnic areas, marinas, and campgrounds, as they carry out small watershed projects, according to a USDA leaflet.

The leaflet, *Recreation in Small Watershed Projects—A Program for Rural Areas Development*, cites examples of successful projects, how the program is operated, and the assistance that may be obtained from USDA.

Since amendments of the Watershed Protection and Flood Prevention Act by Congress in 1962, the Federal Government can provide technical and financial help and long-term loans to watershed project sponsors in developing public recreation facilities.

Copies of the leaflet, PA-610, may be obtained for 10 cents from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20420.

New Bulletin for Beef Cattle Feeders

A new bulletin on cattle finishing has been prepared by USDA to help farmers who feed beef cattle.

Finishing Beef Cattle (Farmers Bulletin 2196) discusses feeding systems, kinds of cattle to feed, when to buy cattle, roughages and pasture, finishing feeds, supplements, additives, and balanced rations.

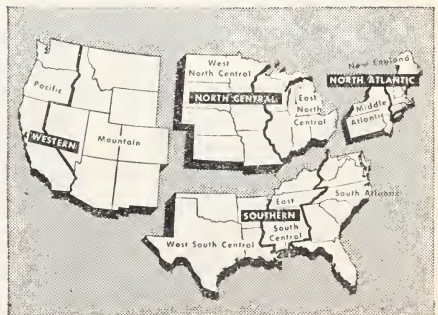
This 30-page publication contains many ideas and illustrations on management points that could make the difference between profit or loss in any cattle-feeding operation.

Single copies of Farmers Bulletin No. 2196 may be obtained free from the Office of Information, U.S. Department of Agriculture, Washington, D.C., 20250.

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